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THE EARLIER COMMERCIAL POLICY OF THE UNITED STATES.

“THE chief advantages expected in Europe from American Independence,” wrote Madison to Lafayette in 1785, “center in the revolution it was to produce in the commerce between the new and the old world.”¹ What Madison here had in mind was not so much the increased volume or altered direction of American trade, it was rather the shock that men thought would be given by the policy of the young republic to the maxims of commerce that had shaped the legislation of Europe for so many generations. It is in the works of Turgot that “the chief advantages expected in Europe” are most clearly detailed. To him the approaching independence of America was visible earlier even than to the colonists themselves, and he hoped and did not hesitate to predict that it would have results at which the politicians of Europe would be filled with dismay. In a letter to Dean Tucker, as early as 1770, Turgot compliments him on being almost the only English author

Who has known and felt the advantages of free commerce, and who has not been seduced by the puerile and suicidal illusions of a commerce fettered

¹*Works*, Vol. I, p. 139.

and exclusive. . . . I see with joy as a citizen of the world an event approaching which more than all the books of philosophers will dissipate the phantom of the jealousy of commerce. I allude to the separation of your colonies from the mother country, which will soon be followed by that of all America from mother Europe. Then the discovery of that part of the world will become really useful.

In his last written state paper,¹ a memorial to the king in 1776, he is more specific in his predictions of the rôle the young republic would play:

It is the interest of all peoples [he says] that commerce should be everywhere free and exempt from duties. The first nation giving to others an example of this humane and enlightened policy by liberating its productions, its industry, its commerce from all prohibitions, and all duties, will raise herself rapidly to the very highest prosperity, and will soon compel other nations to imitate her to the great advantage of the whole world.

The nation destined to do this was America, by whose independence "that delusion which for two centuries has rocked the cradle of our politicians will be dissipated." In short the opinion of Turgot was that America must necessarily be a nation of free traders, and that as soon as she became independent she must cause a revolution in the world's commerce; for by throwing open her own ports she would force other nations to do likewise, and it would then be discovered that the whole system of exclusion and monopoly that had been dominant for centuries was founded on an absolute delusion.

It is well known that these expectations were not confined to Europe. With the exception of Hamilton there was not one of the American leaders at the time of the Revolution who was not inclined to free trade. Was it not indeed the commercial restrictions of England that formed one of our bitterest complaints against her? Was it not essential to our well-being that we should have open markets for the sale of raw materials, which we produced in abundance, and for the purchase of manufactured supplies, which we hardly produced at all? And was not the value of our trade sufficient to justify hopes that if we threw open our ports on easy terms to foreigners, they would

¹TURGOT, *Oeuvres*, Vol. II, pp. 551-85.

yield us reciprocal privileges in theirs? Surely if industrial conditions, political conjuncture, and public sentiment afford any basis for prophecy, it would seem that the prediction of Turgot was well grounded.

And yet seldom has any forecast of the future been so completely falsified by the course of events. Instead of leading the world to the adoption of a liberal commercial policy, America became a main champion of the policy of restriction, and "the chief advantages expected in Europe" have not been reaped to the present day. I believe that no consecutive explanation of this unlooked for development has ever been given. There are, it is true, books enough on American diplomacy to fill a library, and we have tariff histories galore, as well as many monographs of varying degrees of excellency on other phases of American commercial policy. But one looks through them in vain for an adequate description of the position taken by the United States in earlier days toward the hidebound policy that then prevailed in Europe, for an explanation of our failure to break down that policy, and for the effect of this failure on our own legislation. It is the purpose of this paper merely to bridge and not to fill this gap in our commercial history. To do justice to the subject would require more space than is here available. In view, however, of the great attention to all matters relating to our commercial policy that has been excited in recent years both at home and abroad by the phenomenal growth of our foreign trade, even so superficial a treatment, as is here attempted, will perhaps not fail to be of some interest and assistance to the general reader.

In accordance with a universal expectation one of the earliest acts of the American government after deciding upon war with England was to declare our ports open to the merchants of all friendly nations. Lofty have been the flights of grandiloquence indulged in by most of our history books in commenting on this act. It has been held up to the eyes of admiring readers as an illustration of the liberal and enlightened course that this

"youngest teemed star" in the firmament of nations was determined to pursue. In reality, however, the act was a mere matter of course. Foreign merchants gained by it nothing that they were not entitled to expect and were not actually granted by all civilized independent states. "The right of admission into ports for the purposes of trade and the general liberty of commerce," said Grenville to Jay in 1794, "are rights now generally acknowledged to be incident to a state of amity and good correspondence."¹ The whole purport of the act, therefore, was merely to nullify the monopoly of our commerce that had previously been claimed by England. Foreign merchants were henceforth free to engage in the American trade in the same sense in which they were free to engage in the trade to France, England, or Spain; they might enter our ports and buy and sell and get gain, but in all their dealings they were still subject to whatever regulations, burdens, or restrictions America saw fit to impose. Whether or not then the removal of the restrictions imposed by England would really make for freedom would depend on the restrictions substituted for them by the colonies themselves.

The importance of this matter was appreciated by the government, and very soon after independence was declared, Congress undertook to determine what regulations would be expedient and to shape for the nation a definite commercial policy. Congress, it is true, was not empowered at that time to legislate with regard to the regulations of foreign trade, but it could conclude treaties, and these treaties would be binding on the separate states, and they might thus be restrained from laying any imposts or duties that Congress disapproved. As early, therefore, as September 17, 1776, "Congress took into consideration the plan of treaties to be proposed to foreign nations with the amendments agreed to by the committee of the whole." The result of the discussion that then took place was the adoption of a plan that was to be proposed to France, the nation whose favor we were then most anxious to conciliate. According to this plan French merchants were to be free from all duties in

¹*American State Papers; Foreign Relations*, Vol. I, p. 493.

this country except those that were paid by natives and were to enjoy all other rights in commerce and navigation that were enjoyed by natives, on condition that reciprocal rights and privileges were granted to American merchants trading to France.¹

It is no exaggeration to say that the proposals contained in this plan mark the beginning of a new epoch in the history of commercial policy. Mably had summed up the doctrine that had hitherto been dominant in saying that no commercial treaty should be negotiated unless some favorable circumstance enabled a nation to demand a privilege for which it was not bound to make an equivalent concession. Or, as von Justi, who was professor at Göttingen in 1755, had expressed it :

The main object of every commercial agreement [that we make] must be to win the balance in trading ; just as this is likewise the purpose of every people, unless it is entirely idiotic, that negotiates with us. It all depends, therefore, on who can outwit the other.

The United States was the first modern nation officially to abjure this doctrine, and to offer to the citizens or subjects of a foreign nation in return for a like concession on its part the same commercial privileges in this country that were enjoyed by natives. It should be carefully noted, however, that the policy thus inaugurated fell far short of what is now considered "free trade." According to the plan of treaties no effort was to be made to remove the prohibitions of many articles of American produce that existed in some foreign countries, nor was anything to be said about the heavy import duties that were levied in them all. And on the other hand we by no means bound ourselves to refrain from legislation designed to restrict, control, limit, or tax the volume or variety of our trade, if ever such legislation should seem to us expedient. On the contrary, the principle was still recognized that every country was justified in making all general laws and regulations in regard to its foreign trade that seemed good, and all that was contended for was that these laws should be really general, applying to

¹ *Secret Journal of Congress, Foreign Affairs*, Vol. II, p. 6.

natives of the country adopting them in the same way as to foreigners.

In the negotiations with France following the formation of the plan not all even of these moderate demands were secured. The instructions given to our commissioners—Franklin, Deane, and Arthur Lee—urged them to use every means in their power to win the acceptance of our proposals. If, however, the King of France refused to the citizens of the United States the privileges enumerated, then those privileges were not to be offered to French subjects; but as an alternative the commissioners were to propose that each party should put the other on the footing of the most favored foreign nation. It was only this alternative that France was prepared to accept. In the treaty of 1778,

His Most Christian Majesty and the United States engage mutually not to grant any particular favor to other nations in respect of commerce and navigation which shall not immediately become common to the other party, who shall enjoy the same favor freely, if the concession was freely made, or on allowing the same compensation if the concession was conditional.

It was further agreed that neither party should levy duties that discriminated between its own merchants and merchants of the other party except on the basis of the most favored nation, and that each should be at liberty to have consuls in the ports of the other. In addition to these agreements American merchants were granted an exemption from certain French tonnage duties, and free ports were assigned them in France and the French colonies where they might land and deposit their merchandise.

There is nothing new in these stipulations. The importance of the treaty to students of commercial policy consists, not in the regulations actually agreed on, but in the principles expressed in the preamble. The two parties wished "to fix in an equitable and permanent manner the rules which ought to be followed relative to the correspondence and commerce" which they desired to establish.

His Most Christian Majesty and the said United States have judged that the said end could not be better obtained than by taking for the basis of their

agreement the most perfect equality and reciprocity, and by carefully avoiding all those burthensome preferences which are usually sources of debate, embarrassment, and discontent; and by leaving also each party at liberty to make respecting commerce and navigation those interior regulations which it shall find most convenient to itself; and by founding the advantage of commerce solely upon reciprocal utility and the just rules of free intercourse; reserving withal to each party the liberty of admitting at its pleasure other nations to a participation of the same advantages.

In this preamble one at least of the principles set forth in the American plan wins recognition, and for the first time in history independent nations voluntarily enter into an agreement to fix the rules governing their commerce in such a way as to found the advantage to be derived from it "solely upon reciprocal utility and the just rules of free intercourse."

These were high sentiments and the expression of a liberal policy. In view, however, of the slight concessions secured through the negotiations and the liberty reserved to each party of making such interior regulations as might be most convenient to itself, it would seem that the sounding words of the preamble had little significance. But a closer examination shows that such was not the case. The young nation had sufficiently announced her adherence to the doctrine that the advantages of commerce are mutual, founded "solely upon reciprocal utility;" she had proclaimed to the world her readiness to avoid burdensome preferences and to remove other restrictions as soon as the other powers showed a willingness to reciprocate; and if she had gained little by the treaty, she had likewise sacrificed little. The main result of it, as summed up by Franklin, was this:

The great principle . . . is a perfect equality and reciprocity, no advantage to be demanded by France, or privileges in commerce, which the states may not grant to any and every other nation.¹

Although it was not unconditional free trade, then, that America was determined to advocate, it was a nearer approach to it than Europe was accustomed to; for through the principle of reciprocity she proposed to abolish exclusions, monopolies, and preferences, and thus to promote the advantages of both

¹ *Works*, Vol. VIII, pp. 239.

nations rather than "by outwitting the other" to secure some exclusive advantage for herself.

During the next few years the policy thus adopted was stated, reiterated, and insisted upon by our commissioners abroad and by Congress at home. In the autumn of 1779, when instructions were sent to John Adams for negotiating, as soon as opportunity should arise, a treaty of commerce with Great Britain, he was told to govern himself principally by that which had already been concluded with France. He was in no case to give up our right to share in the fisheries ; but

In all other matters you are to govern yourself by your own discretion, as shall be most for the interest of these states, taking care that the said treaty be founded on principles of equality and reciprocity, so as to conduce to the mutual advantage of both nations, but not to the exclusion of others.¹

And it was in accordance with the same policy that the commercial clauses of the treaty concluded three years later with Holland were practically identical with those contained in the treaty with France.

Meanwhile our commissioners were energetically propagating abroad the doctrine of unrestricted commerce. Franklin wrote, in 1781 :

It is perhaps an erroneous opinion, but I find myself rather inclined to adopt that modern one, which supposes it best for every country to leave its trade entirely free from all encumbrances.²

More emphatically he wrote to Vergennes :

In general I would only observe that commerce, consisting in a mutual exchange of the necessities and conveniences of life, the more free and unrestrained it is the more it flourishes, and the happier are all the nations concerned in it. Most of the restraints put upon it in different countries seem to have been the projects of particulars for their private interest under pretense of public good.³

There did indeed seem at that time to be some chance that the prediction of Turgot would be fulfilled, that the influence of the western republic suddenly sprung into vigorous life would

¹ *Secret Journal of Congress*, Vol. II, p. 229.

² WHARTON, *Diplomatic Correspondence*, Vol. IV, p. 423.

³ *Ibid.*, Vol. VI, p. 305.

totally change all the prevailing maxims of commerce. Certainly the strength of this influence was great. The trade of the United States was of increasing value and was eagerly desired by all commercial nations, most of whom perhaps even overestimated its value because of their previous exclusion from it. Moreover, the struggle for independence and the political doctrines that were being promulgated by the leaders of the young nation had attracted the attention of the whole civilized world. It was a new country, full of a new life, standing for new principles of politics; new principles of commerce were naturally expected from it, and whatever these new principles might be the old world was prepared to accord them at least a respectful hearing.

And yet, in spite of these apparently favorable conditions, the time was not yet ripe for the revolution Turgot had foreseen. In the political, as in the physical world, there is a *vis inertiae* to be reckoned with; the weight of the accumulated tradition, opinion, and practice of two centuries was not to be lightly set aside at the bidding of an untried government, however great might be the value of the trade it had to offer. The truth of this early became apparent to our commissioners abroad. John Adams, writing to Livingston in 1783, said:

The United States have propagated far and wide in Europe the ideas of liberty of navigation and commerce. The powers of Europe, however, cannot agree as yet in adopting them in their full extent.¹

Castlereagh remarked to Adams's son thirty-three years later, that the wisdom of the English commercial system, in his own mind, was not unquestionable, but it was difficult to break down a policy so strongly supported by public opinion and by various interests.² The remark aptly describes the state of mind of the European cabinets where proposals were heard from the American commissioners in the first decade of the republic.

Some of the lesser European states, it is true, having little trade of their own, but being deeply interested in carrying the

¹ WHARTON, *Diplomatic Correspondence*, Vol. VI, p. 545.

² *American State Papers: Foreign Relations*, Vol. IV, p. 361.

commerce of other countries, were willing enough to meet us half way. The treaty with Sweden, for example, concluded in 1783, not only contained the most favored nation clause, but secured to each party the right to import and export all kinds of merchandise whatsoever. The more important commercial nations, however, were not yet prepared for such radical changes. Spain consistently refused to treat of commerce at all. France and the Netherlands were content, after the coming of peace, to abide by the provisions of the treaties made during the war. In England the proceedings were especially significant of the strength still left in the mercantilist principles.

As early as March, 1783, Pitt, realizing the necessity to English prosperity of recovering the American trade that had been lost by the war, presented in Parliament a bill framed after the liberal principles of the school of Adam Smith, in which he had been educated. The preamble declared "it highly expedient that the intercourse between Great Britain and the United States should be established on the most enlarged principles of reciprocal benefit." It opened to the vessels of the United States not only the ports of Great Britain and Ireland but also those of the British colonies in the West Indies and on the American continent. But the bill was bitterly opposed and finally defeated. Eden expressed the sense of the opposition in saying: "The bill will introduce a total revolution in our commercial system;" he pronounced reciprocity with the United States nearly impracticable, and denounced the whole plan as "utterly improper for it completely repeals the navigation act."¹ The Coalition Cabinet, that succeeded the Shelburne ministry about a month later, agreed to maintain the navigation act unimpaired. In Parliament Lord Sheffield warned them:

Let the ministers know the country is as tenacious of the navigation act as of the principles of Magna Charta. . . . They must reserve to our remaining dominions the exclusive trade to the West India islands.

And in his pamphlet on the American trade he said:

There should be no treaty with the American states, because they will

¹ BANCROFT, *History of the Constitution*, pp. 55, 56.

not put England on a better footing than France or Holland, and equal rights will be enjoyed of course without a treaty.¹

After long discussion Parliament passed a bill authorizing the Crown to regulate, by Orders in Council, the trade between the British dominions and the United States, and it was thus that the commerce between the two nations was regulated until the general act of Parliament of 1788. The nature of these Orders shows that England was as yet unconvinced of the expediency of yielding to the American proposals for reciprocity. Great privileges were indeed granted in order to attract to the mother country the trade of her recalcitrant children, privileges which gave to our commerce an advantage over that of all other foreign nations; but they were not granted as a result of agreement nor in recognition of the principle that the advantages of commerce "are founded solely upon reciprocal utility and the just rules of free intercourse." Furthermore, they applied only to the trade with Great Britain and Ireland, for by the Order of 1783 the ports of the West Indies were closed to American merchants altogether. The result of the policy adopted in England was, therefore, the preservation of the main principles of the mercantile system unimpaired.

The United States, then, had "propagated far and wide in Europe the ideas of the liberty of navigation and commerce." The powers of Europe, however, "could not agree as yet in adopting them in their full extent." How was this failure to react upon the policy we were inclined to pursue?

With the coming of peace and the acknowledgment of independence Congress determined, in view of the ill success hitherto attending our diplomacy, to reconsider the plan that had been adopted in the summer of 1776. It was resolved, therefore, in May, 1784, after several months of discussion, that Adams, Franklin, and Jefferson should be commissioned to negotiate treaties with the commercial countries of Europe, and instructions previously drawn up by Jefferson himself² were

¹ *Ibid.*, pp. 60, 66.

² JEFFERSON, *Writings* (edited by Ford), Vol. III, pp. 355 ff.

adopted for their guidance. A comparison of these instructions with the Plan of Treaties shows how the hopes for reciprocity had moderated. No word was uttered about the mutual advantages of commerce nor the expediency of according equal rights to foreigners and natives. The only point of a strictly commercial character to be carefully stipulated was this, that in the direct trade between this country and another, whether sovereign or colonial, the vessels of each party should be free to engage, paying no other duty than was paid by the most favored nation.¹

One treaty only was concluded under this revised plan, the treaty with Prussia of 1785. The contracting parties could afford in this case to display liberality since the value of the trade between them was insignificant; and the American proposals were therefore granted. Prejudice, hard and unbending as coral reefs, surrounded the other nations of Europe and rendered impossible the access of the new principles America stood for. Our trade they wanted, but to get it they were willing to make no treaty securing to us a share of their own. In 1776 we had offered the same privileges to foreigners that were enjoyed by our own citizens, and invited other nations to do the same. During the ten succeeding years all the force of example, argument, and skillful diplomacy was exerted "to fix in an equitable and permanent manner the rules which ought to be followed relative to correspondence and commerce." But all to no purpose. For no treaty of commerce was to be made, Mably had once said :

À moins qu'on ne se trouve dans quelque circonstance heureuse qui autorise à demander quelque prérogative sans être obligé de l'acheter par une complaisance équivalente.

And the nations of Europe were still true to the doctrine thus bluntly expressed.

The reaction of our failure is strongly reflected in the correspondence of the American commissioners that had been sent abroad. Franklin, writing to Livingston of the closure of the West India ports, said :

¹ JEFFERSON, *Writings* (edited by Ford), Vol. III, p. 490.

If it should be persisted in, it will then be a matter worthy the attentive discussion of Congress whether it will be most prudent to retort with a similar regulation in order to force its repeal, . . . or let it pass without notice and leave it to its own inconvenience, or rather impracticability, in the execution, and to the complaints of the West India planters, who must all pay dearer for our produce under those restrictions.¹

By 1785 John Adams, who was then attempting to negotiate a commercial treaty with England, became convinced that the only means of breaking down European restrictions lay in retaliation. On being asked by Pitt what he thought Great Britain ought to do, he had answered :

This country ought to prescribe to herself no other rule than to receive from America everything she can send as a remittance, in which case America will take as much of British productions as she can pay for.²

And to an English friend he wrote :

The United States are willing to throw wide open every port in their dominions to British ships, merchants, and merchandise, and I am ready in their behalf to pledge their faith in a treaty to this effect upon the reciprocal stipulation of this nation that her ports shall be equally open to our ships, merchants, and produce.³

But he was losing all hope that liberal principles would prevail, and gradually coming to the conclusion that self-preservation would force America to fall in with the restrictive policy of Europe. To Jay he wrote :

You will negotiate for reciprocities in commerce to very little purpose while the British ministers and merchants are certain that they will enjoy all the profits of our commerce under their own partial regulations. . . . Congress or the states might take such action as would insure them justice against the English. . . . It is a diplomatic axiom that "he always negotiates ill that is not in a position to make himself feared." . . . We have no means to make an impression on them but by commercial regulations which the vulgar may see strike essentially at their interests without injuring our own.⁴

A few months later his suggestions had become more explicit. In a letter to Jefferson he said :

I should be sorry to adopt a monopoly; but, driven to the necessity of it, I would not do things by halves. The French deserve it of us as much as

¹ FRANKLIN, *Works*, Vol. VIII, p. 535.

² BANCROFT, *History of the Constitution*, Vol. I, p. 205.

³ ADAMS, *Works*, Vol. VIII, p. 383.

⁴ *Ibid.*, Vol. VIII, p. 242.

the English, for they are as much enemies of our ships and mariners. Their navigation acts are not quite so severe as those of Spain, Portugal, and England (as relate to their colonies, I mean), but they are not much less so, and they discover as strong a lust to annihilate our navigation as anybody.¹

To Jay:

If monopolies and exclusions are the only arms of defense against monopolies and exclusions, I would venture upon them without the fear of offending Dean Tucker and the ghost of Dr. Quesnay.²

And a little later:

They mean that America shall have no ships nor sailors to annoy their trade. . . . Patience will do no good; nothing but reciprocal prohibitions and imposts will have any effect.³

And finally, despairing of success and wearied with his fruitless efforts, he wrote to Jay that "a life so useless to the public and so insipid to myself as mine is in Europe, has become a burden to me as well as to my countrymen."⁴

In the legislatures of the separate states the coldness that marked the reception of our proposals had an effect that was strong and immediate. Agricultural Virginia, the state that above all others was interested in maintaining free trade, expressed the sentiment of her sister states in denouncing (December 9, 1783) "a disposition on the part of Great Britain to gain partial advantages injurious to the rights of free commerce and repugnant to the principles of reciprocal interest and convenience which form the only permanent foundation of friendly intercourse."⁵ She then led the way in retaliating against European restrictions, and by 1789 she had passed more acts relating to foreign trade than any other state. Massachusetts in 1782 had declared for free trade, but by 1786 she had a system of exclusion and monopoly that was highly developed. Other states were not slow to follow the lead of these, the most powerful and influential of the American commonwealths. It was mainly against Great Britain that their hostile acts were

¹ *Ibid.*, p. 292.

² BANCROFT, *History of the Constitution*, Vol. I, p. 203.

³ ADAMS, *Works*, Vol. VIII, p. 206.

⁴ *Ibid.*, p. 429.

⁵ BANCROFT, *History of the Constitution*, Vol. I, p. 148.

levied, retaliation being sought for our exclusion from the West India trade. The laws passed for this purpose were numerous, partial, and various. On an average, an English ship of 400 tons coming to this country paid as tonnage duty about \$225, besides an additional duty on the goods she brought higher by about 2 per cent. than that paid on goods in American ships.¹

The trend of public opinion on the failure of our efforts for reciprocity is as clearly marked in the expressions of individuals as in the proceedings of state legislatures. Madison, who was close in touch with the sentiments of his countrymen and well acquainted with the condition of foreign relations, may be taken to speak for the rest. Writing to Lafayette in 1785 from his plantation in Virginia, he reminds him that "the chief advantages expected in Europe from American independence center in the revolution it was to produce in the commerce between the new and the old world."² He regretted that the fossilized policy of the old world had prevented this revolution; and wrote to Monroe:

Much, indeed, it is to be wished, as I conceive, that no regulations of trade—that is to say, no restrictions or imposts whatever—were necessary. A perfect freedom is the system which would be my choice. But before such a system will be eligible for the United States, perhaps, they should be out of debt; before it will be attainable all other nations must concur in it.

He then roundly condemns the exclusion policy of Great Britain; and concludes that the only means against foreign restrictions will consist in "retaliative regulations of trade."³

It was evident that if Turgot's prediction was to be fulfilled, other means must be adopted than those America had hitherto tried. It appeared to contemporaries that the only other means was retaliation. "You will negotiate for reciprocities in commerce to very little purpose," John Adams had said, "while the British ministers and merchants are certain that they will enjoy all the profits of our commerce under their own partial regulations." To foreigners indeed there seemed little danger of

¹ *Report of Committee of Privy Council*, 1791, p. 9.

² MADISON, *Works*, Vol. I, p. 139.

³ *Ibid.*, Vol. I, p. 169.

effective retaliation under the impotent and vacillating government that was established by the Articles of Confederation. "If an angel from heaven," said Adams, "should declare to this nation that our states will unite, retaliate, prohibit, or trade with France, they would not believe it."¹ But he himself thought otherwise: "The power to regulate the commerce of the whole will not probably be long withheld from Congress, and when that point shall be agreed to, you will begin to hear a cry in England for a treaty."²

It was not many months after this was written that the convention met to frame a new constitution which should give to Congress the power our diplomats deemed so essential. With justice have historians made prominent among the causes leading to this step: the failure of our diplomacy, the weakness of the states in their efforts at retaliation, the lack of co-ordination in their regulations, the necessity that our commercial policy should be national, not sectional, if it was to be successful. With the completion of the work of this convention a new era began in the history of our commercial policy as in the other phases of our national life.

Profiting by the experience of the preceding decade no immediate attempt was made by the new government to renew the negotiations with Europe that had failed so completely. President Washington did indeed request Morris, who was in London in 1790, to sound the British ministers informally as to arrangements "which might fix the commerce between the two nations on principles of reciprocal advantage." But "they avoided direct answers so as to satisfy Morris that they did not mean to enter into a treaty of commerce unless it could be extended into a treaty of alliance offensive and defensive, or unless in the event of a rupture with Spain."³ Here during several years our diplomacy rested, for "the cry in England for a treaty," which Adams had anticipated, was not uttered.

But the cry had gone up in this country for retaliation;

¹ ADAMS, *Works*, Vol. VIII, p. 390.

² *Ibid.*, p. 391.

³ *American State Papers: Foreign Relations*, Vol. I, p. 121.

monopoly was to be met by monopoly, restriction by restriction. The advocates of this policy, however, failed to realize the difficulties of it. To close to foreigners any of our ports, as many of theirs were closed to us, would mean the ruin of those ports and probably the immediate end of the union. To prohibit the import of foreign manufactures, while we could not produce such goods ourselves, would mean depriving our own people of many of the necessities of life. In the first session of Congress there was disagreement between the Senate and the House as to the proper course to be followed. In the House it was pointed out that the commercial advantages expected from independence had not been secured, that Great Britain still possessed the largest share of our commerce, no new channels had been opened to the other nations of Europe, and we had lost the trade we formerly carried on with the British West Indies. In order to force concessions, therefore, especially from Great Britain, members of the House were for imposing a discriminating tonnage duty, and for allowing a small reduction in the duty on distilled spirits in favor of countries in treaty with us. In the Senate, however, it was urged that if Great Britain still enjoyed the lion's share of our trade, she had retained it by legitimate means; for her merchants were better able than other foreigners to supply our wants and to dispose of our produce; familiarity with our language and laws facilitated their transactions with us, and as long intercourse had acquainted them with our commercial usages and the condition of our currency and trade, they were willing to give us longer credit than was customary elsewhere. Furthermore, although Great Britain objected to a treaty, her policy toward us — except in the matter of the colonial trade — was more liberal than that of any other nation. And finally, a measure so trivial as that proposed by the House could only irritate, without exciting either the interest or the fear of any country that it was levied against.¹

The debates lasted for many weeks and resulted in the passage of two acts, one fixing a tariff of duties on imports, the

¹ MADISON, *Works*, Vol. I, pp. 481-3.

other imposing on tonnage a duty that discriminated against all foreign ships. There are few acts on our statute book the motives for which have been so voluminously and bitterly discussed as the motives for these. In the discussion it is the tariff act that has received the chief attention; and yet, both as immediately affecting the course of our commerce and as indicating the trend of our policy, it is perhaps the other act that has deserved it. Some writers have seen in them only a plan to raise revenue; others regard them as signifying the determination of our legislators to protect American industries; all agree that their passage was at least facilitated by the desire to retaliate against Europe for the coldness that had marked the reception of our proposals for reciprocity.

It is needless here to engage in a discussion that, though it sometimes sleeps, seems never likely to die. To determine accurately what motives outweighed in the breast of several hundred legislators representing widely different sectional and economic interests is a matter of extreme difficulty, and each student is likely to impute to them the motive he would fain have had them feel. It may be said, however, that the two acts are to be kept carefully apart and considered separately. With regard to the tariff law, whatever may have been the remoter benefits expected from it, certainly the immediate, the sufficient, indeed the compelling cause for its passage was the need of revenue. If it was intended to be retaliatory, it utterly failed of its purpose, for in England a committee of the Privy Council considered it moderate and just, and pronounced the duties imposed by it lower than those paid in Holland, France, or anywhere else in Europe.¹ It placed our own merchants and foreigners of all nations on the same footing; there was no discrimination, no exclusion, no attempt at monopoly. The most careful examination fails to show that it affected the volume, variety, or direction of our foreign trade in the slightest degree. The act, therefore, deserves to be considered as fiscal rather than commercial legislation. Not so with the navigation

¹ *Report of Committee of Privy Council, 1791*, p. 29.

act. This imposed on ships built and owned abroad a duty of fifty cents a ton, and on ships owned by foreigners but built in this country a duty of thirty cents, while ships both built and owned by Americans were to pay only six cents. Besides this, all goods imported in foreign ships were to pay a duty 10 per cent higher than goods imported in American ships. It is here then and not in the tariff act that we find a radical change of policy. "The frowns of Dean Tucker and the ghost of Dr. Chesnay" had lost the power to awe the makers of this law. It was a clear desertion of the principles of perfect equality and the abolition of discriminations and monopolies that we had heretofore professed.

And now was this change of policy due to the failure of our commissioners to win a favorable reception abroad for our proposals of reciprocity, a failure that compelled us for self-preservation to resort to monopoly; or was it rather a mere reversion to the prevailing spirit of the age, resulting from a belief that our previous policy had been wrong, and that the young republic like the ancient monarchies must look to selfish discrimination for prosperity? The answer to this question is not so easy as it would seem. There can be no doubt from what has been already said that members of Congress acutely felt the repulse of our diplomacy, and that ideas of retaliation were widely popular. And yet if the law had grown out of these ideas, would not some distinction have been made between the countries in treaty with us and those that were not? Would not a greater severity have been shown to vessels arriving from ports to which our own were not admitted than to vessels arriving from ports where our own entered freely, unburdened even by alien duties? Instead, however, of such distinctions being made all foreign vessels were placed on exactly the same footing. Vessels coming from France, a treaty country, from the British West Indies whence we were excluded, from England where by legislation our ships enjoyed great and exceptional favor—all paid a duty of 50 cents a ton with the additional duty of 10 per cent. on their cargoes. It is obvious that such a law as this was not intended

to be retaliatory; it is equally obvious that its purpose was to foster American shipbuilding and seafaring at the expense of foreign competitors.

If, however, this law did not result from the failure of our previous policy, the change of sentiment that it indicates appears singularly violent and sudden. But appearances in this case are deceptive. For even while they advocated free trade in its broadest sense, the leaders of American thought had not lost sight of the necessity of encouraging American shipping as the most effective means of defense. Franklin, for example, in the same letter to Livingston in which he expresses the opinion that the greatest prosperity would result from opening our ports on equal terms and free from all restrictions to all the nations of the world, adds :

The employing, however, of our own ships and raising a band of seamen among us, though it would not be a matter of so much private profit as some imagine, is nevertheless of political importance, and should have weight in considering the matter.¹

Equally pregnant sentences might be quoted from the correspondence of Franklin's contemporaries. It is evident, then, that, although our first navigation act was strictly protective, it was on political rather than commercial grounds that it commended itself to the lawmakers. That the enthusiasm for it in the commercial sections of the country was heightened by the expectation of private profits there can be no doubt; that grave apprehensions existed in the agricultural sections lest it should cripple their trade by raising the cost of transportation is equally certain; but the law resulted neither from the selfish machinations of one interest nor the foolish altruism of the other, nor was it brought about — as has been sometimes stated — by a corrupt bargain between them; it was due to the belief that the preservation of our independence and the defense of our interests required a strong marine and a large body of experienced seamen. Just as the prime motive of the tariff act, therefore, was not commercial but fiscal, so the prime motive of the navigation

¹ FRANKLIN, *Works*, Vol. VIII, p. 536.

act was not commercial but political. And just as remoter and incidental effects were anticipated from the first so similar effects were anticipated from the second. And in both cases since man's motives for action are seldom unmixed, these remoter anticipations facilitated the passage of the laws.

But while these laws were alike in that neither of them was primarily intended as commercial legislation, they differed fundamentally in the effect they must actually have on trade if permitted to go into unchecked operation. The tariff act, as pointed out above, could affect our commerce in no perceptible degree, whereas the natural result of the navigation act would be to throw the carrying trade entirely into the hands of Americans. Now, the business of transporting goods across the sea has become at the present day an independent industry and is largely divorced from strictly mercantile pursuits. The volume, variety, and direction of a nation's commerce is therefore but slightly influenced by the nationality of those that carry it; and it is quite possible for all the carrying to be done by foreigners, while the real commercial business is strictly monopolized by native merchants. A century ago this was not the case. The shipowner of that day was likewise a merchant, and he that contrived the carrying to and fro was usually the man that also did the buying and selling and reaped the commercial profits. Perhaps the condition that prevailed will be made clearer by a concrete example. In 1820, owing to certain discriminating duties imposed by France, the transportation of goods between New Orleans and French ports had fallen almost entirely into hands of French shipowners. In protesting against these duties the American captains at New Orleans use these significant words:

Throwing the carrying trade from this place to France out of the hands of American shipowners naturally influences the trade in the same articles from American merchants into the same channel; the number of French vessels being continually augmented, naturally bring their owners in some degree to partake of it; everyone tries to push off some articles of goods to gain a freight for his ship and to pay for cotton and tobacco instead of furnishing money advances; French commission houses to transact this business

are daily multiplied, and adventurers with their "pacotilles" are daily crowding the port.¹

Bearing in mind this close connection between merchants and shipowners, it is easy to realize the tremendous effect on commerce of a law that would give to natives a monopoly of the carrying trade.

Thus the summary of our national commercial policy until 1790 is this: We threw open our ports to all foreign nations, and endeavored to secure in their ports the privileges enjoyed by natives, offering them reciprocal privileges in America; when our proposals were rejected we threatened retaliation against their restrictions, but owing to our peculiar economic condition we were unable to carry out the threat; so we contented ourselves with imposing a small tax on our commerce to meet the expenses of the government and with attempting to give our merchants a monopoly of the carrying trade in order to build up a strong merchant marine for purposes of defense.

There now followed a period of twenty-five years during which the energy of our government was mainly occupied in defining, asserting, and maintaining our rights as neutrals in time of war abroad, in resisting the impressment of our sailors by Great Britain, and in attempting to recover the right to participate in the northern fisheries. It is unnecessary to consider these subjects here, partly because they are of a legal rather than commercial nature, and partly because they have been abundantly discussed elsewhere. But there were three other matters of permanent interest which received attention at the time, but which recent writers have almost entirely overlooked.

In the first place, it was deemed essential that such privileges as foreign nations allowed us in their home ports should be definitely stated and secured by treaty, and not be left subject to precarious legislation on their part. Secondly, it was the urgent desire of the government to acquire and likewise to secure by treaty a share for our merchants in the lucrative trade of the

¹ *American State Papers: Commerce and Navigation*, Vol. II, p. 412.

colonies held by the powers of Europe. And lastly, since the operation of our navigation act was impeded by foreign legislation, and did not afford the benefits expected from it, other means had to be sought in order to encourage our shipping.

After the consummate failure of our previous attempts, it was with much hesitation that the government determined to treat once more with foreign countries about commerce. Indeed, it was political conditions that forced us to reopen negotiations, and the commercial agreements arrived at during this period were only incidental to the settlement of matters of pressing importance in the field of politics. Thus, when Jay was sent to England in 1794, his instructions enumerated the points of a political nature that he was to attempt to settle, and if these were so accommodated as to promise a continuance of tranquillity, it was referred to his discretion whether he should listen to or propose the discussion of a commercial treaty.¹

The instructions to Jay in defining both the demands and the concessions he was to make if he found England favorably disposed for a treaty of commerce, reveal the policy that the government was inclined to pursue. As the war of the French revolution had begun, a war that already threatened to bring great suffering to our ship owners, much emphasis was naturally laid on securing our rights as neutrals. Besides taking care of these, Jay was to demand reciprocity in navigation, particularly to the East and West Indies. Exactly what was meant by this is not clear, for except in the Indies, our ships enjoyed greater privileges in British ports than did British ships in ours. He was to require further, that our wheat, fish, and other staples be admitted on the same terms on which we admitted the staples of Great Britain. There is involved in this clause a principle that makes no previous appearance in our negotiations with foreign countries; it is no other, indeed, than the principle of "commercial reciprocity," in the sense now attached to the term. Heretofore, we had uttered no protest against the prohibition of particular commodities, nor against the imposition of high taxes on

¹ *American State Papers: Foreign Relations*, Vol. I, p. 473.

imports; on the contrary, we had expressly recognized the right of every nation to make such internal regulations of commerce as seemed to it good. The reciprocity we had sought before the passage of our navigation act meant merely that in such trade as was permitted, the natives of the countries engaged should be on the same footing, neither side being favored by legislation at the expense of the other. So accustomed, indeed, had Americans become since the infancy of the colonies, to the English corn laws and to high foreign tariffs that, like others, they regarded these things as matters to be regulated according to the discretion of each country for itself; and so long as the regulation was general and not discriminating in its nature, outsiders were deemed to have no right to interfere.

It was hardly expected by our government that these important demands would be granted by England. "This enumeration," it is said in the instructions, "presents generally, the objects which it is desirable to comprise in a commercial treaty; not that it is expected that one can be effected with so great a latitude of advantages."

For what had we to set against this "great latitude?" All that we were prepared to offer was included in the clause: "You may discuss the sale of prizes in our courts while we are neutral, and this, perhaps, may be added to the consideration that we have to give besides those of reciprocity." Our navigation act we were by no means prepared to repeal—which is additional evidence that it was not regarded as retaliatory. Jay, indeed, reported that Lord Grenville pressed the proposition to abolish alien duties of every sort between the two countries, "but strong objections," he added, "opposed my agreeing to it."¹ In other words, we demanded from England that she should throw open to us her colonial trade, should repeal her prohibitions, and should reduce her tariff to the level of ours, and in return we were willing that she should continue to trade with us subject to our own regulations, and should sell in our ports the prizes captured by her cruisers from France.

¹*American State Papers: Foreign Relations*, Vol. I, p. 503.

About two months after his arrival in England, Jay accordingly drew up and sent to Grenville the outline of a commercial treaty. In it our demands were duly set forth, and in order that the duties might be made reciprocal, it was suggested that special articles should be negotiated and added to the convention as soon as possible. Grenville soon replied with a *counterprojet*; rejecting Jay's proposals, he offered as a substitute that neither party should in the future prohibit the importation from the other of any articles that were not prohibited at the time, and that neither should levy higher duties on goods imported from the other than upon similar goods coming from the most favored nation. He then expressed the willingness of his government to permit American ships of seventy tons and under to engage in the trade between the United States and the West Indies, but only on condition that Americans should not export to any foreign country goods commonly produced in the West Indies. After this interchange of proposals, many weeks were spent in discussion and correspondence; but although several important political matters were arranged, the only further commercial concession that Jay secured was permission for Americans to engage in the direct trade between their own country and the East Indies.

The displeasure in America with those clauses of the treaty resulting from the negotiations which related to the colonial trade is notorious. The consequent rejection of the clauses by the Senate left our commercial relations with Great Britain in exactly the same condition that had previously existed, with the single exception that commerce was now regulated no longer by legislation but by treaty.

Twelve years after Jay's mission, our relations with Great Britain had become so strained, chiefly owing to their practice of impressing American seamen, that commissioners were once more sent to treat with the English government. No alteration of commercial policy, however, is to be observed in the negotiations that took place, and as the treaty failed to settle the matter of impressment, President Jefferson refused even to send it to the Senate for discussion.

As the negotiations with England sufficiently explain the American commercial policy during this period, it is unnecessary to describe those that took place with other European nations. Suffice it to say: that Spain maintained its refusal to treat of commerce; that the treaty with Prussia was renewed in 1799; that the treaty with France was abrogated in 1800, and a new one was concluded which avoided the liberal sentiments formerly expressed, and secured to each party in its trade with the other merely the privileges enjoyed by the most favored nation. This retrogression from liberal principles in our commercial relations with France, was due partly to our strained political relations with that country, and partly to the exasperation occasioned in France by the failure to oust England from the American commerce, a failure that was attributed in large measure to our refusal to grant special advantages to French merchants and ship owners.

The second matter referred to above as exercising the attention of the government during this period was our commerce with the colonies held by the nations of Europe. It was the West India colonies of England, Spain, and France that chiefly concerned us. Our exchange of commodities with these islands was highly advantageous to both sides, and capable of great expansion. They took in 1790 about a third of all our exports, and paid for them partly in their own produce and partly in specie. Several, however, of our most important articles of export were prohibited in the islands by their respective home governments, and in time of peace our ships and merchants were forbidden to engage in the trade at all. The regulations of Spain were peculiarly severe. All ships engaged in the trade to her colonies must belong wholly to Spaniards, and all officers and two-thirds of the crew must be of the same nationality. Even for these the trade was limited to certain ports. Every article of the cargo must be registered before the vessel set sail, and during the voyage she must not touch at any intervening port, still less approach a foreign vessel. Goods shipped from the colonies could not be consigned to foreigners even if they were residing in Spain, nor could foreigners without a license

trade with the colonies in the name of their wives or relations, though these were Spanish subjects. In strong contrast with these regulations, the United States—except for the duties fixed by the two acts of 1789—restricted commerce with the West Indies in no way whatever. All our ports were open to the colonial trade, all colonial commodities were admitted on the same terms as the goods of the most favored nation; the ships of England, France, or Spain might import the produce of their colonies, and clear again with American cargoes for colonial ports, as freely as if they plied between the United States and the mother country. It was our earnest desire to secure by treaty reciprocal privileges from these foreign nations.

The failure of our negotiations with England on this subject has been noted above. By France and Spain our proposals were rejected with even greater emphasis. In view of the importance of the West India trade and the unfairness of the foreign restrictions, it is quite possible that this government would have had early recourse to retaliation had not circumstances arisen which made treaty concessions for a time unnecessary. On the outbreak of the war of the French Revolution, France, being outmatched by England at sea, threw open the ports of her colonies, whereupon their commerce passed almost entirely into the hands of American merchants. As Spain likewise was soon involved in the war, her restrictions could not be enforced, so that, although they were not repealed, they became practically a dead letter. Even England, mighty though her navy was, found it necessary on account of the war to suspend her regulations, and for a time American and British ships traded to her colonies on equal terms.¹ Under these circumstances we could afford to dispense with treaty concessions, and retaliatory legislation in order to acquire them would have been irritating without being immediately useful. It was, however, a precarious situation. Our merchants yielded to temptation, ventured very largely in the West India trade, and by the time we became ourselves involved in war with England they had secured for

¹ *American State Papers: Foreign Relations*, Vol. II, p. 408.

themselves the greater part of it. The consequence was that many of those who were not ruined by the war were ruined on the return of peace by the reassertion of the illiberal colonial policy that had formerly prevailed.

We come now to the third matter that exercised our government during this period, namely, the working of our navigation act.

The year that the act was passed our foreign trade was carried by about 124,000 tons of American shipping, the same amount of British, and some 33,000 tons of shipping that belonged to other foreign nations. After the act went into effect the decline in number of the foreign ships entering our ports was rapid and regular, while our own increased enormously, and by 1807 amounted to over 848,000 tons. It was natural that many should attribute this prosperity to our discriminating legislation. The short peace of Amiens, however, demonstrated that it was due mainly to another cause, namely, the European war, which engrossed the energies of foreign nations, diverted their ships from commercial enterprises, and enabled America to engage almost without competition in the carrying trade of the whole world. Indeed, it is probable that our act produced no benefit whatever, for it seems to have been completely neutralized by the countervailing legislation of other countries. France protested against the act as soon as she heard of it, and when her protest was ignored she imposed duties on American ships and goods that even exceeded those fixed by our law. Spain, Holland, Sweden, and Denmark followed her example, and passed navigation laws designed to favor their own ships and to injure the commerce of the United States. England waited till 1797, hoping to persuade us to repeal the act, but, failing in this, she resorted to retaliation, as the other nations had already done.¹

While the war in Europe lasted these measures did not inconvenience our shipowners, but no sooner was peace declared in 1802 than their natural effect began to be felt. Madison, then

¹ *American State Papers: Commerce and Navigation*, Vol. I, pp. 502-4.

secretary of state, wrote to Rufus King that among the effects of the peace would be a shock to our navigation, for in time of peace the countervailing act of Great Britain would drive our ships out of the trade to the British dominions as fast as British ships could enter the competition. In support of this prediction he mentioned several instances of British ships being preferred to ours in order to evade the heavy British duties.¹ King, who was minister to England, investigated the matter with great care, and advised our government to accede to the British proposition that all alien duties be abolished between the two countries.² In the House of Representatives the committee on commerce and manufactures reported in January, 1803, that foreign ships were being preferred to ours in the carriage of all our bulky articles of commerce. The committee deprecated the attempt to prevent this by increasing our discriminating duties, for such a measure would merely lead to commercial warfare with other countries, and no benefit could possibly accrue to us from the system. The committee accordingly recommended the relinquishment of our discriminations in favor of all foreign nations that would agree to abolish such of their duties as were aimed against the United States.³

Strong interests, however, opposed at this time the adoption of reciprocity in navigation. It is difficult to understand the obstinate folly of the usually shrewd American merchants in upholding a measure that bid fair to blight their growing prosperity. Uphold it nevertheless they did; and numerous petitions were heard in Congress from New England and the Middle States praying against the repeal of our discriminating duties. The New York Chamber of Commerce, for example, opposed the repeal, first, forsooth, because it would diminish the revenue; second, because it would shift the carrying trade into the hands of foreigners. The latter effect was predicted on grounds that are not unfamiliar to our ears at the present day: namely, that

¹ *Ibid.*, *Foreign Relations*, Vol. II, p. 497.

² *Annals of Congress*, Speech of S. Smith, February 20, 1815.

³ *American State Papers: Commerce and Navigation*, Vol. I, p. 504.

foreigners could build and equip ships more cheaply than we could, and, since wages and other expenses were lower abroad than with us, they could likewise navigate them more cheaply.¹

While the discussion was proceeding, war once more broke out in Europe and rendered any action on the part of Congress for the time unnecessary.

The renewal of the war caused an increased demand for our exports, all our shipping was again invited into the carrying trade, and Americans became the purchasers and distributors of both European and colonial goods. In consequence, the number of our merchants swelled beyond the normal, for the brilliant prospects held out by commerce tempted all owners of capital to invest in shipping; other branches of industry were neglected, our merchant marine grew with almost incredible swiftness, and for a short time the profits of those engaged in foreign trade were simply amazing.²

This pleasing progress, however, was rudely shocked in 1806 by the depredations on our shipping that were authorized by the notorious British orders in council of that year, and the Napoleonic decrees. It was completely paralyzed by our own embargo act in 1807. Nor was recovery more than partial during the years that intervened between the repeal of this act and the outbreak of the war with England in 1812, a war that almost totally annihilated American foreign trade, and thus brought to a close this period in our commercial history.

When at last in 1815 the world once more knew peace, it was discovered that America had entered with giant stride a far-reaching economic revolution. As Cobbett exclaimed in the House of Commons, the war with England had sown the germs of a great event: nothing less than the complete and absolute independence of America from British manufactures. During the years of war, when we could no longer obtain supplies hitherto drawn from abroad, and when commercial profits had ceased with

¹*American State Papers: Commerce and Navigation*, Vol. I, p. 508.

²*Ibid.*, Vol. II, p. 633.

the banishment of our ships from the sea, capital and labor were forced into a new field of employment ; and American manufactures began a development that in extent and rapidity was destined to surpass all that the world had known. It was impossible that the new conditions thus created should fail to influence our commercial policy. And, in fact, with the growth and capitalizing of manufactures, commerce became subordinate to industry ; foreign trade was hampered in order to promote the development of internal resources ; the policy of free trade and reciprocity gave way to the policy of protection.

He who is now against domestic manufactures [wrote a distinguished American after the close of the war] must be for reducing us either to dependence on a foreign nation, or to be clothed in skins and to live like wild beasts in dens and caverns. I am not one of these ; experience has taught me that manufactures are now as necessary to our independence as to our comfort ; and if those who quote me as of a different opinion will keep pace with me in purchasing nothing foreign where an equivalent of domestic fabric can be obtained without regard to difference of price, it will not be our fault if we do not have soon a supply at home equal to our demand. . . . ”¹

Let not the reader suppose that the man who wrote thus was some northern clothmaker or some western member of the party of “Young America.” It was no other than Thomas Jefferson, the man that thirty years before had assisted to “propagate far and wide in Europe the ideas of the liberty of navigation and commerce,” and had joined in the regrets that “the powers of Europe cannot agree as yet in adopting them in their full extent.” Our other statesmen thought as he did, and the protective tariff act of 1815 was passed almost unanimously. America had at length wheeled into line with the powers of Europe, and for many years the principle of reciprocity in our commerce with the old world was dropped from our policy.

Trade with the colonies, however, could exercise no such influence on internal development as was attributed to trade with Europe. When, therefore, the return of peace enabled foreign nations once more to reassert the ancient colonial system, America began against that system a struggle that was long and

¹JEFFERSON, *Writings* (edited by Ford), Vol. X, p. 10.

momentous. An account of that struggle, with a description of the rôle played by the United States as the champion of liberal ideas in colonial policy is too long to be given here, and is of enough importance to justify treatment in a separate chapter.

It remains to speak only of our discriminating tonnage duties. It has already been seen that grave doubts concerning the efficacy of these had long existed. With the cessation of hostilities and the recurrence of the phenomena that had so startled our legislators during the short Peace of Amiens, these doubts were resolved, and an act was passed authorizing the President to proclaim the repeal of the duties in favor of any country that would show us a like consideration. France was the only important commercial nation that did not soon take advantage of this act and grant to our vessels in the trade between America and Europe the same privileges that were enjoyed by its own. At first this reciprocity in navigation was effected by legislation except in the case of Great Britain, who preferred that it should be incorporated in the treaty of commerce in 1815. After a trial of nearly ten years, however, the government deemed it best that freedom of navigation should be given a less precarious basis. It was inserted, therefore, in a treaty with Central America in 1825; and within the next fifteen years we had no less than fourteen other treaties containing clauses by which the principle was secured. But in the meanwhile there were at work to retard the growth of our merchant marine powerful, though invisible, forces against which diplomacy was vain. As early as 1842 the effect of these forces was already apparent,¹ though many years were yet to pass before their nature was understood. By the time, however, that they had become dominant, and the carrying trade between America and other lands had passed almost wholly into the hands of foreigners, navigation had so diverged from commerce that little influence on the nature of our trade could be traced to the nationality of those that carried it.

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¹*Report of Committee of House of Representatives*, May 28, 1842.